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ABSTRACT

This instructor guide for a unit on marketing analysis in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 2 of learning--planning for a business in one's future. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The following materials are contained in the student's guide: activities to be completed in preparation for the unit, unit objectives, student reading materials, individual and group learning activities, case study, discussion questions, assessment questions, and references. Among the topics discussed in the unit are the following: market-oriented approach to planning, market research, the marketing mix, potential customers, market share, and components of a marketing plan. (KC)

ED 373 224

INSTRUCTOR GUIDE

Unit 8

Marketing Analysis

Level 2

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in fo using your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

Objectives:

- Explain the "market-oriented" approach to planning.
- Justify the use of market research in planning.
- Identify the process for determining the marketing mix.
- Profile potential customers.
- Define market share.
- Define the components of a marketing plan.

CE 067 05-8

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Objectives	Teaching Suggestions
1. EXPLAIN THE "MARKET-"ORIENTED APPROACH TO PLANNING	
What is marketing?	In their own words, ask the class to explain their understanding of marketing.
What is the marketing concept?	Discuss the philosophy behind customer service as it relates to the marketing concept.
2. JUSTIFY THE USE OF MARKET RESEARCH IN PLANNING	
What is the "market-oriented" approach to planning?	The marketing era of the 1950's and 60's brought with it a whole new approach to the buying, and particularly, the selling of products. Ask the students to do outside research to find examples of this marketing blitz to share with the class.
How does the planning process work?	Illustrate the relationship between marketing and planning.
What about market research planning strategies?	
What is market information analysis?	Discuss the basic target components of market information.
How can market information be analyzed?	Introduce and discuss the steps of problem solving.
What are data sources for market information and research analysis?	Discuss the different sources of data available to the entrepreneur.
What types of marketing information should be obtained for an accurate marketing analysis?	
What are the methods for collecting primary research data?	Work with the class to develop a data gathering instrument for the personal interview.
What are methods for collecting secondary research data?	The local library houses a wealth of valuable information for the entrepreneur. Have the class visit the library individually to identify sources of market information. They should then be prepared to share this information with the class.

Objectives	Teaching Suggestions
Why is information analysis important?	Explain how the analysis of the gathered data can lead to new and improved products.
What about pre- and post-research?	Discuss the importance of research done both before and after the execution of the marketing plan.
3. IDENTIFY THE PROCESS FOR DETERMINING THE MARKETING MIX	
What are the considerations for developing the plan for the marketing mix?	Write the name and purpose of a fictitious business on the chalkboard or overhead. Have the class work together to answer each of the questions posed in the text under this heading.
What decisions need to be made regarding the marketing mix?	Review the important questions for each marketing mix element listed in the text.
How do you develop a marketing strategy?	Divide the chalkboard or overhead in half. On one side, create a list of fictitious business objectives. Use the opposite side to list strategies, suggested by the students, that will help achieve the stated objectives.
What are the external marketing factors?	On the chalkboard or overhead list in separate columns the external forces listed in the text. With the help of the class, add specific factors that are out of the entrepreneurs' span of control.
What does the marketing environment influence?	Have the class name other environmental forces that directly influence the customer.
What is the product?	Explain the concept of product and its' relation to strategy.
How is pricing affected?	Introduce the theory of pricing as it relates to "what the market will bear."
What is a retailer's pricing goal?	Discuss markup as a means of achieving a desirable profit.
How is promotion affected?	The number of ways that a supplier communicates with the customer base is almost limitless. Involve the class in "brainstorming" possible promotion methods.
What are the methods of consumer communication?	
How can advertising help a business?	Review the AIDA formula.

Objectives	Teaching Suggestions
What services do advertising agencies offer?	Discuss alternatives to employing an advertising agency.
How should promotional methods be mixed?	Suggest specific types of products and have the class help decide the most effective way to promote and sell them. Use the chalkboard or overhead to note the responses.
How do channels of placement and distribution affect market planning?	Explain and give examples of channels of distribution. List specific products and have the class select an appropriate channel of distribution.
How should a marketing channel be selected?	
What are the modes of transportation?	Ask students to name the modes of transportation that are available in and around your town.
4. PROFILE POTENTIAL CUSTOMERS	
What does research reveal about consumer behavior?	Have the class review journals like Psychology Today for articles about consumer buying behavior.
How are industrial consumers affected by buying motives?	Discuss the differences between the average consumer and the industrial consumer.
How are consumer markets changing?	Discuss the factors that contribute to the changing market.
5. DEFINE MARKET SHARE	
What is a target market?	Have the class name as many target markets as they can think of. Record their answers on the chalkboard or overhead.
Why are target markets important?	Discuss the case of Diana Randell.
What are the types of markets?	Challenge the class to identify the major types of markets represented in their own city or town.
What is the market share?	Explain the correlation between the goal of increasing market share and the quality of the market research.

Objectives	Teaching Suggestions
What are consumer buying motives?	There is a wealth of topical information available on the subject of consumer buying habits as they relate to marketing. Assign outside research to be shared with the class.
6. DEFINE THE COMPONENTS OF A MARKETING PLAN	
How can a marketing plan be developed?	Discuss the components of a marketing plan.

MODEL ASSESSMENT ANSWERS

1. When business moved into the marketing era there was a shift from a production-driven economy to a customer-driven economy. Consequently, production planning had to be done based on research that indicates the wants and needs of the customer.

2. A business is opened with the understanding that it will need to make a profit in order to continue. In order to win customer loyalty, evidenced by sales, they will have to satisfy the customer's needs and desires. The first step is to obtain knowledge about the nature of these wants and desires. This is done through market research.

3. The four P's of the marketing mix are: product, price, promotion, and place.

   Product mix strategies include changing the existing product, and/or introducing new products. These strategies apply to all the product lines rather to a particular product. (For example, some products are oftentimes introduced to support other products on the market. Competition among products on the same product line may lead to cannibalization, i.e., some products are marketed at the expense of other products.)

   Pricing strategies consider the costs of the product, the consumer's willingness to pay the price in exchange for the product's benefits, and the amount of profit the seller should make for selling the product. Usually, the markup rule is applied to calculate the price of a product.

   Promotion strategies combine all the actions the seller takes to communicate the product's benefits to the marketplace. These strategies include advertising, personal selling, and sales promotion. An effective promotion strategy should combine all these methods, rather than using one method at the time.

   Placing and distribution strategies ensure that the product reaches the consumer fast and the right way. In determining which distribution channels should be chosen, the seller should consider the nature of the product, the size and location of the market, the availability of distribution channels (transportation, wholesalers, distributors, etc.), and the staff's expertise to market the product.

4. Some factors that must be considered when selecting a target market are: costs of selling to the target market; anticipated sales volume; size and number of competitors; and resources required to sell to the target market.

5. Analyzing market information involves the following steps: (1) recognizing the problem, (2) conducting a preliminary investigation, (3) gathering factual information, (4) interpreting the information, and (5) reaching a conclusion.

   (1) Recognizing the problem is simply assessing the need of solving a problem or identifying an opportunity in the market. For example, if a product does not sell well, you need to recognize that you might need to learn what are the reasons why the product did not perform well in the marketplace.

   (2) Conducting a preliminary study involves analyzing trade publications, and talking with people inside and outside the firm to understand what is in the marketplace that challenges your product.

   (3) Gathering factual information involves consulting the library, performing a market research study, or hiring consultants to perform this type of analysis.

   (4) Interpreting the information refers to thoroughly understanding and analyzing the information gathered previously to make it pertain to your problem.

   (5) Reaching the conclusion can be achieved only after reconciliating your market analysis with the problem. Future evaluation of this decision will help you improve your future decision-making process.

6. Factors to be considered when developing the plan for marketing mix include: identification and analysis of the target customers (what are their primary and secondary needs and which of these needs have priority for the customer), identification of advantages and disadvantages of the product, and analysis of the competitors' products.

7. Market share represents the product's sales computed as a percentage of the total sales of the product in the market. Market share can be expressed in dollars or units of the product. The market share shows how well your product performs from a sales standpoint relative to the competition.

8. A marketing plan includes two major parts: *the market analysis* and *the marketing strategy*.

   The market analysis involves establishing the industry characteristics and trends, identifying the target market, approximating the current and potential size of the target market, identifying direct and indirect competitors, and projecting sales and market share.

   The marketing strategy establishes advertising, promotions, pricing, sales, distribution, and product support (i.e., warranties, guaranties, services, customer training) strategies.

PACE
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Program for Acquiring Competence in Entrepreneurship

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Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
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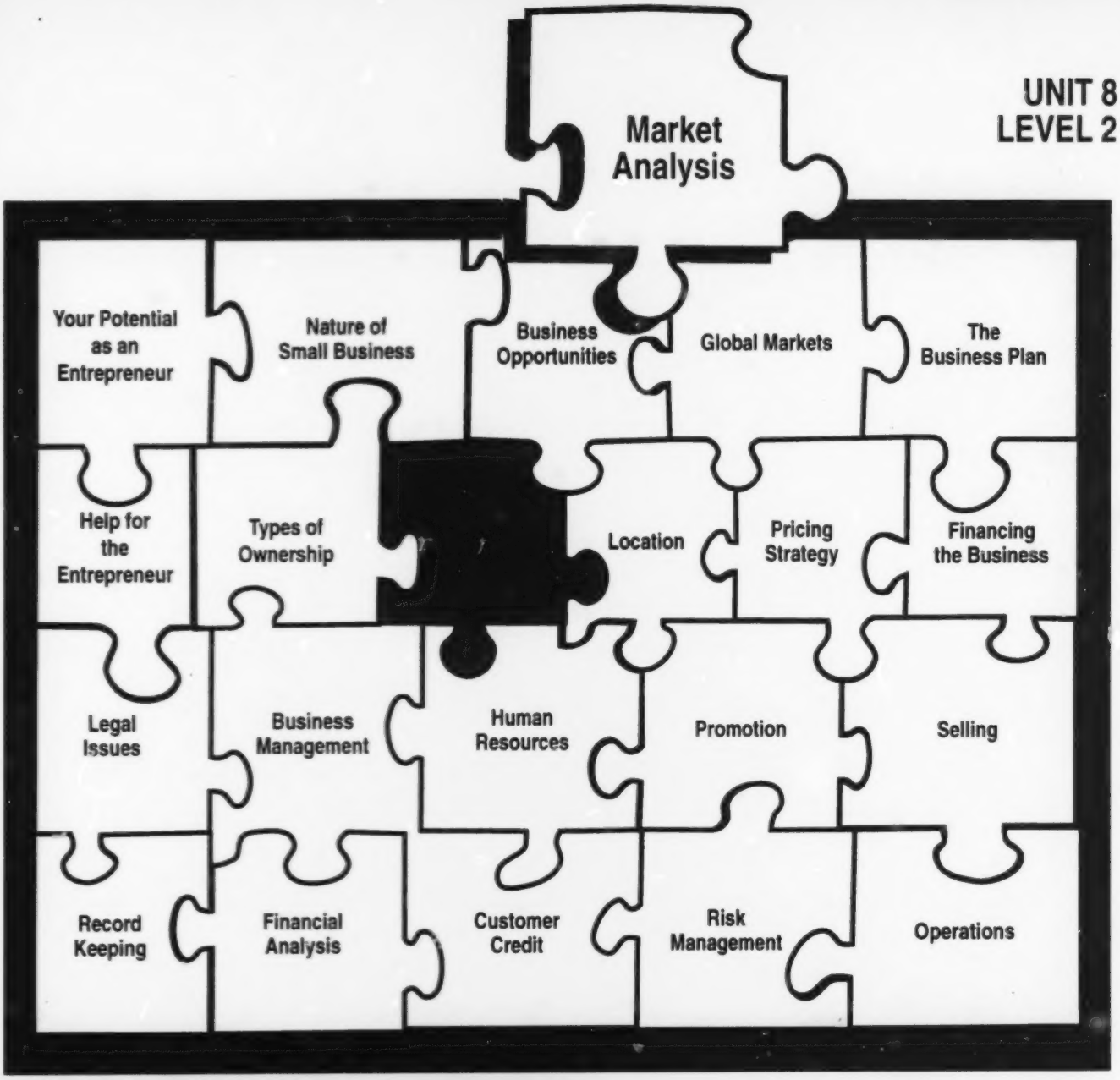
UNIT 8
LEVEL 2



PACE
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Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 302-8

MARKETING ANALYSIS

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. These objectives were met in Level 1:

   - Define marketing.
   - Explain "marketing mix."
   - Discuss the importance of marketing research.

4. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

   Bureau of Census
   Data collection
   Industrial Revolution
   Marketing concept
   Marketing plan
   Market share
   Target market
   Trade associations

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MARKETING ANALYSIS

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

- explain the "market-oriented" approach to planning,
- justify the use of market research in planning,
- identify the process for determining the marketing mix,
- profile potential customers,
- define market share, and
- define the components of a marketing plan.

WHAT IS THIS UNIT ABOUT?

A basic goal of any business is to sell its products or services and to make a profit. Marketing activities help a business sell products at a profit. Those profits provide the resources needed to develop new products or services. Marketing activities help businesses make the profits needed for the survival of the business. Those same profits are needed for the health and ultimate survival of our entire economy. Without profits, it would be difficult for businesses to buy additional raw materials, hire more employees, and sell more products that, in turn, make more profits.

Marketing helps consumers develop a higher standard of living. Marketing can help control the costs of the products and services. It helps consumers get the most satisfaction from the goods and services they buy. To the degree that marketing is able to do this, it serves both consumers and businesses.

WHAT IS MARKETING?

Marketing is a total system of business activities designed to plan, price, promote, and place or distribute products, services, and ideas in target markets in order to achieve business organizational objectives.

According to the American Marketing Association, marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

This definition has some significant implications:

- It is a managerial definition.
- The entire system of business activities must be customer-oriented because customers' wants must be recognized and satisfied effectively.
- The marketing program starts with the germ of a product idea and does not end until the customer's wants are completely satisfied, which may be some time after the sale is made.
- The definition implies that in order to be successful, marketing must maximize profitable sales over the long run; thus, customers must be satisfied in order for a company to get the repeat business that ordinarily is so vital to success.

Many managers are now trying to get customers into their businesses by promising to meet a competitor's price. For example, if Joan, a car salesperson at Friendly's Ford Dealership, wants Mr. Richardson to purchase his new Ford from the Friendly's lot, she may have to meet the offer Mr. Richardson received at another Ford dealer. If she cannot or will not meet the price, Mr. Richardson will more than likely go back to the other dealership and purchase his new auto. Joan knows the pressure of bargaining with customers to sell the product and today's value of marketing if she meets Mr. Richardson's price and he buys the auto from her and not another dealer. She increases her sales and decreases another dealer's sales.

WHAT IS THE MARKETING CONCEPT?

The *marketing concept* means that a business is interested in consumer satisfaction, with the objective of achieving long-term profits. The company with a marketing concept believes that customer satisfaction should be the basis of all management decisions.

Providing satisfaction to customers and making profit for the company are accomplished through a coordinated set of activities. A marketing analysis must take place. The competition must also be assessed. First, a business must identify the customers to be served. Then, it must find out what will satisfy these customers. With this information, the business can develop marketable products and services.

Next, the business must make the products available to the customers when they want them and where they want them. Products may need to be improved to keep pace with changes in customer needs and wants. The marketing concept stresses the importance of customers to a business. Marketing activities begin and end with the *customers*. As with the previous example about Joan, she must market her product (cars) to the customer (buyer) so that her company will continue to exist in the marketplace. If a customer is unhappy with the sales deal or

the service received, the business has lost a possible repeat customer. This is why so many businesses are now trying to gain and keep customer loyalty. It is more difficult to replace former customers than to simply target new customers.

Marketing in the 1990s also requires an environmental responsibility. The average American by age 75 has produced 52 tons or 104,000 pounds of garbage. The marketer and manufacturer must therefore take responsibility. Landfills are reaching a critical stage of being filled. Social responsibility must be part of the marketing process.

WHAT IS THE "MARKET-ORIENTED" APPROACH TO PLANNING?

The marketing concept emerged as we know it after World War II and is the third major era of U.S. business. The first era was production. During the second half of the 1800s, the *Industrial Revolution* came into its own in the United States. Consumers' demand for manufactured goods was strong. The emphasis was on production.

The second era was sales. In the 1920s, strong consumer demand diminished. Products that were efficiently produced had to be "sold" to consumers. Personal selling and advertising were considered to be the most important marketing activities.

The marketing era of the 1950s became apparent when consumers did not buy what they didn't want. Customer orientation had to be considered first. In the 1990s and beyond, a world economic and business environment must be considered. Customer orientation is not just within the United States but worldwide. Either products must be standardized for around the world or products for specific countries must be developed.

There are four questions which must be addressed. They are (1) who is your targeted consumer; (2) where will they buy; (3) how much will they pay; and (4) why will they buy? When these questions are answered, the entrepreneur can begin the planning process.

HOW DOES THE PLANNING PROCESS WORK?

Disciplined planning for market-oriented approaches has two major components. The first, marketing background, includes the business review, which is commonly referred to as a *situation analysis*, problems, and opportunities segments. The business review is a comprehensive analysis of the marketplace and of your own organization broken down into sequentially ordered sections. The second major component is the marketing plan itself, which is developed from the information gathered and analyzed in the marketing background section. The marketing plan is totally inclusive, beginning in sequential order with the sales objectives and ending with a budget and calendar of marketing activities necessary to realize the sales objectives.

If your company sells computers, your business review may tell you that there are already too many businesses selling computers in your area (situational analysis). You also

find out that there is a lack of software availability (opportunity). Now you have some information on what path to take in your planning for the future.

Once the plan is prepared, it must be executed and then evaluated. Evaluation begins again each time customer purchasing is not at the level the business desires. If a company uses marketing techniques carefully and accurately, they can often forecast the needs and desires of the consumer.

WHAT ABOUT MARKET RESEARCH PLANNING STRATEGIES?

If you plan to conduct research, begin now to establish a research strategy. You may develop a research strategy to solve a specific problem that will help you to build sales and accomplish a marketing objective. Or, you may decide to conduct an ongoing awareness, attitude, and behavior tracking study to assist with long-range planning and to provide a standard to evaluate the results of current and future marketing plans.

HOW DO YOU DEVELOP A MARKETING STRATEGY?

First, go back and review your problems and opportunities. Read through the list and make notes regarding ideas you have on how to solve the problems and take advantage of the opportunities. Be as creative as possible in this exercise, coming up with multiple solutions for each problem or opportunity.

Review your marketing objectives. Now reread the problems and opportunities, along with your original notes on how to solve the problems and take advantage of the opportunities. Determine which of the ideas will form strategies capable of achieving the marketing objectives in your plan.

Make certain that you have developed strategies to cover each of the strategic categories that are necessary to fulfill your marketing objectives. The strategies should provide the direction for use of the market research approach you plan to use. These tools may end with a strategy to emphasize stronger selling periods versus weaker selling periods. If you have a seasonal cycle, you may choose to go with radio and television ads for peak seasons, but during low selling periods perhaps in-store promotions may work as well.

An example of this is the Christmas selling season. Most stores make the majority of their profits during this 6-week period of time, from mid-November to the end of December. Many companies have found a useful marketing strategy in have "Christmas in July" sales to push not only Christmas merchandise but all other merchandise as well. Once the consumer is in the door, many companies feel they can effectively compete for the consumers' dollars. Craft stores have proven that the mid-year sales of seasonal goods is effective and now many major department stores are using this strategy by bringing in seasonal goods so that the consumer can see other nonseasonal goods as well.

If your business is a retail business, you may wish to utilize primary research, since you will be able to track your sales ratio and that of your competitors from year to year. This

should provide direction when establishing your sales ratio in the marketing plan. Whether you have primary research or not, analyze the amount of traffic (retailers) or number of sales calls made (service) in daily and weekly increments. Next, estimate your current sales ratio and project what an increase of even three percent would do for your sales. Finally, ask yourself if it is realistic to expect an increase like this. This evaluation step will aid in your planning from your research results.

WHAT IS MARKET INFORMATION ANALYSIS?

Market information analysis includes all activities involved in gathering and understanding information about a company's target markets. It includes getting information about the market's buying habits, the competition, distribution patterns, and sales practices. It includes developing a plan for getting and using all the information needed. For example the small apparel manufacturer who was considering adding swimwear to the company's product line should use market research to determine whether the new line will be successful. Market research is necessary for an analysis to take place.

HOW CAN MARKET INFORMATION BE ANALYZED?

In analyzing market information, the traditional problem-solving approach is used. The five steps of problem solving are:

1. recognizing the problem,
2. conducting a preliminary investigation,
3. gathering factual information,
4. interpreting the information, and
5. reaching a conclusion.

The first step, *recognizing the problem*, is very important. A problem is not always negative. It may be an opportunity. Entrepreneurs are always on the lookout for opportunities. You must carefully identify the real problem or opportunity before conducting any other steps in market research. If the real problem or opportunity is not accurately determined, the rest of the marketing research will be wasted, because you will be identifying solutions for the wrong situation.

The second step is *conducting a preliminary investigation* of the situation and of possible elements that are part of it. This step may involve analyzing records, talking with people inside and outside the firm, and reading trade publications. If more information is required, you should identify the best method for obtaining it.

Gathering factual information is the third step. This can be done through a variety of methods, ranging from discussions with experts to a market research study.

The fourth step is to *interpret the information* obtained in the previous step. What does it mean and how important is it? The data should be carefully analyzed and possible solutions determined.

In the final step, *reaching a conclusion*, the best all-around solution should be chosen and used. After putting the solution into

action, the results obtained should be evaluated and used for future reference.

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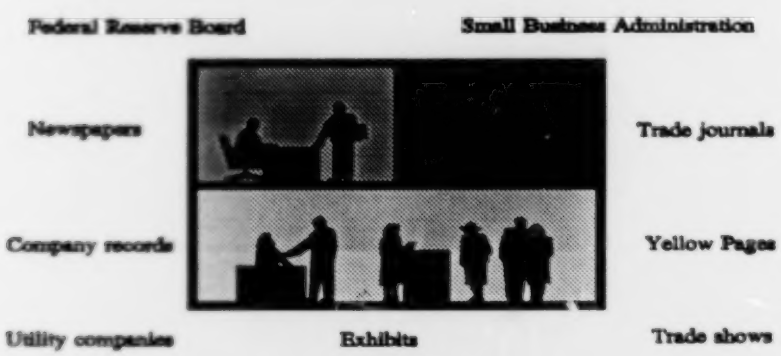
Data Sources for Market Information and Research Analysis



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WHAT ARE DATA SOURCES FOR MARKET INFORMATION AND RESEARCH ANALYSIS?

Many small businesses do not develop an information analysis because they believe the sources of information are not accessible or cost too much. However, several free or inexpensive data sources are available to small businesses. These sources are secondary, since someone else has done the analysis. The company's own records are a very important source of information. They can be analyzed to determine successful and less successful activities and decisions.

The government is another source of information. The Bureau of the Census publishes information about businesses, population, housing, and so forth. Numerous reports and pamphlets are published by the Small Business Administration (SBA), the U.S. Depart-

Many other sources of secondary research information are available to the small business owner. Trade associations collect and publish data for their members. Trade journals often report research findings. Local Chambers of Commerce, banks, newspapers, utility companies, and other organizations can provide useful marketing information if carefully analyzed.

The Yellow Pages are extremely important for an analysis of the competition. This self-search process by an enthusiastic entrepreneur can result in all types of useful information. How many window-treatment businesses are located nearby? What type of services do they offer? What do they charge? A telephone call for information can be very useful. How about a visit to their store? They might even make a house call to your home or apartment. Learn what the competition is doing. This is time well spent by a budding entrepreneur! This is considered primary research since the entrepreneur is doing it solely for their own use.

Participating in trade shows, exhibits, and conferences are also ways that allow you to meet business people like yourself and to observe new developments in your field. Local advertising agencies may also prove to be useful sources of information.

WHAT ARE THE METHODS FOR COLLECTING PRIMARY RESEARCH DATA?

Gathering data for market research can be done in a number of ways. Analyzing your company's past sales records is often a good place to begin. For a new business, two other important methods used in collecting data are **interviewing** and **observing**.

The *interview method* is one of the most widely used methods for collecting information. Several distinct types of interviews can be used. The first type is the *personal interview*. Face-to-face discussion provides the opportunity to gather expert opinions and review issues in detail. *Telephone interviews* can be a simple, inexpensive method of collecting information. However, you must be careful not to offend the persons you call, or waste their time with unnecessary chitchat.

The *mail questionnaire* is another form of interview, but the percentage of people who respond to mail questionnaires is usually very small. If a small "reward" is offered to complete the mail survey, this percentage will increase slightly. Mailed questionnaires must be attractive and easy to complete. A simple questionnaire can give you helpful information about what customers want, need, like, and dislike.

Another research method is *observation*. For example, you can count pedestrians or automobiles passing a certain spot and gather general information about the age and sex of each passerby and the type of vehicle they may be driving. By observing and talking to customers, you may also get the same results as more sophisticated research methods. Your employees may gather additional information through their observations of and discussions with customers. However, the observation methods are only as thorough as the interview methods.

WHAT ARE THE METHODS FOR COLLECTING SECONDARY RESEARCH DATA?

Another important method for collecting research is by using secondary sources available to most businesses. These include library resources and other companies whose primary product is industry research.

Library resources are a good starting point because they are free to the user but do require time to research and evaluate the information after it has been found. Many companies find this too time consuming and prefer to have a research company do the work for them. A research company will discuss with your business what you really want to examine and then compile the information for you to evaluate. For an additional price, the company can even do all evaluations. If you are planning to market a new product, this type of secondary research can be quite beneficial.

After a business person has gathered and analyzed customer information, decisions about the business can be made. The business must be organized to satisfy prospective customers and make a profit.

WHY IS INFORMATION ANALYSIS IMPORTANT?

Marketing activities will not be as effective if businesses only send information to consumers. Consumers provide useful information to businesses as well. Several marketing activities are used to gather information from consumers. This information is used to develop new products and improve current ones. It is also used to help in setting prices, designing sales and advertising messages, and improving other business decisions.

Another area which is extremely important to information analysis is that of decision making. If a company will not or cannot make a decision for a product after reviewing all pertinent data, all of the data may be lost. This is due to the timeliness of marketing information. A company must decide when and where to use the information, but it must make a decision so that other plans can be made and executed regarding the product.

WHAT ABOUT PRE- AND POST-RESEARCH?

Pre- and post-market primary research is implemented both before and after the execution of the plan. Most pre- and post-research involves awareness, attitude, and behavior tracking studies. These studies monitor the movement of awareness, attitude, and behavior variables both before and after the marketing execution.

Whereas increased sales is a very valuable indicator of the success of a marketing plan, it is not the only one. Many times while sales remain relatively flat, there is a significant movement in awareness and attitudes. These shifts signal the probability of future increases in sales. As has been proven time and time again, with increase in awareness, there is a good probability that there will be an increased level of purchases.

An example of this is a cookie company that had been around for more than 50 years. An aggressive research campaign was conducted and it was found that name recognition was lacking. To get awareness of the product, a massive marketing campaign ensued. Sales for that month were 10 times larger than their next largest monthly sales. However, the next month's receipts fell and reverted back to original sales figures. The company discovered through post-market research that most new customers found the cookies to be distasteful and would not purchase them again. The marketing research was done properly as was the campaign; the problem was the product.

Pre- and post-research can also serve as a diagnostic tool to help explain why sales went up or down. Research can uncover changes in consumer awareness of your product, attitudes about your product, changing purchase behavior patterns, or competitive strengths and weaknesses as reasons for increases or decreases in sales. Using the above example, the product was lacking and the consumers showed their dislike by not

purchasing it again. Thus, research evaluation has the capability of providing indepth information to help you in your planning and evaluation.

WHAT ARE THE EXTERNAL MARKETING FACTORS?

The marketing forces external to the business are elements that an entrepreneur may have little control over. The marketing environment of political, legal, regulatory, societal, economic, competitive, and technological forces surrounds the entrepreneur and the market mix. These marketing factors cannot be predicted with absolute certainty.

WHAT DOES THE MARKETING ENVIRONMENT INFLUENCE?

- It affects the *life styles, standards of living*, and *preferences* plus needs for products by the customers. This environment in turn, influences the *marketing mix*.
- It affects the *marketing manager* and how the functions and activities are carried out.
- It affects *marketing decisions* and actions in regard to the marketing mix.
- It affects the *relationships* between products/service, prices, promotion, place, and people.
- It affects *change and sometimes opportunities* of which businesses must be aware.

The external environmental forces directly influence the customers.

WHAT IS THE PRODUCT?

Managing the product ingredient includes planning and developing the right products and/or services to be marketed by the company. Strategies are needed for changing existing products, adding new ones, and taking other actions that affect the assortment of products carried. Strategic decisions are also needed regarding various product features. A product can be anything from lumber sold at the lumberyard to a concert of classical music performed by the symphony orchestra.

HOW IS PRICING AFFECTED?

The pricing of goods and services in all types of business is similar in several basic ways. Most businesses arrive at pricing decisions based on cost-plus—that is, totaling the costs of providing the product or service and adding a sum for profit. Cost-plus pricing techniques do not take customer demand into account, so the price may not be what customers are willing to pay.

Pricing is perhaps the most complex marketing decision. There is no one best formula to use to establish prices. A price strategy is only effective *if the customer is willing to pay the price and a profit is received.* Some computer and technology advancements have simplified pricing decisions. To be successful, a marketing strategy must set prices that are both satisfying to customers and profitable to the business.

Retailers have some of their prices suggested by manufacturers and wholesalers. Generally, wholesale prices as well as retail prices are based on the *markup* (amount added to the cost of the product) necessary to handle each line of goods profitably. Suggested prices are sometimes marked on the product by the manufacturer. Even though some prices are recommended, retailers still need to determine their own prices for many or most of the items they sell.

WHAT IS A RETAILER'S PRICING GOAL?

The goal for the retailer is to balance high and low markup items to achieve an *average markup* that produces a desirable profit for the overall operation. This gross profit margin, usually expressed as a percentage of cost or selling price, must pay for all expenses and provide for a profit. For example, the average gross margin needed by a business may be 35 percent. All goods must be sold at a price that is an average 35 percent above their cost price.

Because of demand and competition, some goods will be marked higher and some lower than 35 percent. Some products can have only a very small markup. Competition is such that if the retailer were to price the item even slightly above competition, it would not sell. Other items that are not as competitive may have a much higher than average *markup*.

HOW IS PROMOTION AFFECTED?

Promotion involves trying to determine the proper means of communicating the availability and benefits of the product or service to the potential customer. Deciding on the right methods of promotion will involve a careful analysis of the product, price, and place components of the marketing mix. Each of the mix elements must be examined in detail.

WHAT ARE THE METHODS OF CONSUMER COMMUNICATIONS?

The finest product or service is useless until it is in the customer's hands. Most people must be informed and motivated before they will buy products. *Promotion* is used for this purpose. Advertising, personal selling, and sales promotion are the major ways businesses communicate with customers. Promotion is becoming more and more important. Whether a business should use promotion is no longer the question. Instead entrepreneurs should be asking, "How much and what kind of promotion do I need?"

HOW CAN ADVERTISING HELP A BUSINESS?

The two major goals of advertising are to attract new customers and to keep the old ones. In order to achieve these objectives, good advertisements must do what good sales people do—they must follow the AIDA formula. This means:

A: The advertisement must get the *attention* of the desired audience.

I: Once the attention is attained, *interest* must be held.

D: In holding interest, the advertisement must create a *desire* for whatever is being advertised.

A: Once attention, interest, and desire have been attained, the advertisement must induce the customer to *act*—to go to the business offering the product.

However, advertising is not a cure-all. There are a number of things advertising cannot do, including the following:

- It cannot make a business succeed if that business offers a poor product or inferior service.
- It cannot lead to sales if the prospective customers it brings to the business are ignored or poorly treated.
- It cannot create customers overnight, or increase sales with a single effort.
- It will not build confidence in the business if it is untruthful or misleading.

Small businesses commonly use written advertisements such as flyers, local print media, and perhaps the radio. Small businesses may use direct mail. TV and magazines are usually too expensive.

WHAT SERVICES DO ADVERTISING AGENCIES OFFER?

After an analysis of promotional efforts to be used, an ad agency may be useful. Advertising agencies prepare and place ads for businesses. The decision to use an advertising agency should be based on whether or not the agency can do a more effective and efficient job than the business.

If you decide to use an advertising agency, you should select an agency that has had experience with businesses of a similar size and knows the needs and budget of the small business. If advertising dollars are to produce the maximum possible impact on sales and profits, then all the parts of the program must be put into action skillfully, no matter who prepares the advertisements.

Most advertising agencies are paid on commission. These agencies receive the bulk of their fees from advertising media rather than from advertisers. Advertising agencies buying space and time on behalf of advertisers are granted a certain discount, usually 15 percent. They bill the business at the actual rate.

HOW SHOULD PROMOTIONAL METHODS BE MIXED?

Determining the proper mix of advertising, sales promotion, and personal selling is one of the fundamental tasks of a marketing analysis. If the entrepreneur decides to rely mostly on personal selling, advertising should be used to make the salesperson's selling efforts more effective. For example, advertising may be used to make customers more receptive to your sales presentation, or to communicate part of the selling message, thus saving much of the salesperson's time. The opposite situation is true when you decide to rely mainly on advertising; here, advertising does the preselling, and order-taking becomes the salesperson's chief function.

HOW DO CHANNELS OF PLACEMENT AND DISTRIBUTION AFFECT MARKET PLANNING?

Channels of placement and distribution provide the way for producers' products to move to customers. The cost of goods is directly related to the channel of distribution used. How a firm's product will be distributed is one of the most important decisions an entrepreneur must make in the marketing analysis because these decisions can affect how rapidly a product can be placed in the hands of the public.

HOW SHOULD A MARKETING CHANNEL BE SELECTED?

In determining which channel to use, the following points should be considered:

- The nature of the product
- The size and location of the market
- The availability of suitable channel members
- Your own or your staff's ability to manage all of the marketing activities

If market conditions or buyer attitudes change, distribution channels should be checked to be sure they are getting goods to prospective buyers in the most effective way. If other channel members change their distribution plans, you may have to adjust your own plan. For these reasons, you need to reevaluate policies on marketing channels regularly.

WHAT ARE THE MODES OF TRANSPORTATION?

Selecting distribution channels requires some knowledge of the various modes of transportation available. Selecting the best type of transportation to get the job done for the least cost is becoming more and more important in the analysis because of increases in transportation costs and differences in levels of transportation service.

There are several types of carriers to choose from. A producer or manufacturer needs to select the type of carrier that best suits his or her needs. Sometimes two or more types of carriers will be used. Researching transportation modes is an important marketing analysis factor.

Common carriers (trucks) can be hired by any shipper and are under the regulation of the Interstate Commerce Commission. These carriers haul about one third of all motor freight. Common carriers have to charge certain rates and most operate over certain established routes.

Contract carriers can enter into special agreements with individual shippers and are not as restricted as common carriers. They agree to move specified shipments for a company and they can establish their own rates.

Private carriers are company-owned trucks that haul the company's goods only.

Air freight is being used more and more today because of increases in motor freight charges and the speed of air freight. Air freight is most frequently used for quick delivery and smaller items. However, several air carriers will handle large and heavy shipments.

Railroads have provided a vital link in many channels of distribution for years. Railroads are generally quite reliable. Piggyback cars (flatcars on which trailers can be loaded) have increased railroad efficiency. Shipments in containers are often carried on rail and then transferred to trucks for local delivery.

WHAT TYPES OF MARKETING INFORMATION SHOULD BE OBTAINED FOR AN ACCURATE MARKETING ANALYSIS?

In opening a successful new business, the entrepreneur will need market analysis information. Answers to a variety of questions are important: What are the needs and wants of the customer? Will the company's products or services fill a current need? If a need is not strong, can it be increased through promotion? Are the products and services timely? What products or services sold by other companies will be competition for those of the new business?

WHAT IS A TARGET MARKET?

Identifying markets and becoming familiar with them will help make a business successful. Products are of little value on a store shelf. Therefore, one of the most important tasks to be accomplished is a marketing analysis for the target market. The *target market* represents the people who are most likely to purchase a businesses goods and services.

When choosing a target market, several factors need to be considered, including the costs of selling to the group; anticipated sales volume, size and number of competitors who already are selling in the target market; and the resources required to sell to the target market. For example, a small

clothing manufacturer who is thinking about adding swimwear to the company's product line might consider these factors in selecting a target market:

- Racing swimwear is usually plain and lightweight and is inexpensive to produce. Recreational swimwear, however, is designed for appearance and can be more expensive to manufacture.

- The types of racing swimwear are limited, requiring not as many styles. For recreational swimwear, a company may need a larger product line for different ages, sizes, and tastes.

- The distribution of athletic swimwear would be primarily to sporting goods stores. Recreational swimwear would be distributed to almost all clothing stores.

- The advertising for racing swimwear would be limited mainly to sports magazines, whereas advertising for recreational swimwear would probably have to appear in several types of media.

- The prices of athletic swimwear *could be* higher than recreational swimwear because there are fewer competitors.

WHY ARE TARGET MARKETS IMPORTANT?

The importance of identifying a target market cannot be overemphasized. Consider the following example.

Diana Randell opened her own specialty furniture store, "Natural Products," featuring handcrafted items. She found a location for the store in a shopping center in a large midwestern city. Diana characterized the target market as young, upper income homeowners, many who are style conscious consumers in the condominium buildings in the neighborhood or commuters and shoppers from surrounding suburbs.

When the store first opened, the target market that Ms. Randell had identified did not stop in the store as expected. Instead, college students and single renters were the primary customers. They were not interested in the store's furniture lines, but instead were interested in art pieces and single items of furniture. They generally did not spend enough money to maintain the business at a profit.

Ms. Randell then invested heavily in promotion directed toward her original target market. Through selected use of radio and a local cultural events magazine, she was able to inform the market of her store. Shortly after the promotional emphasis, her business started to show a profit.

This illustrates an important key for business success—effective target marketing. In order to identify target markets, you will need to know the different types of markets and how customers satisfy their wants and needs.

Products and services are differentiated according to the customers' wants and needs.

WHAT ARE THE MAJOR TYPES OF MARKETS?

There are basically three types of markets in our economy:

1. Consumer market
2. Industrial market
3. Nonbusiness organization market

The *consumer market* consists of purchasers, individuals or households who buy products for their personal use and who do not buy products for the purpose of making a profit from them.

The *industrial market* consists of individuals, groups, or organizations who make purchases to resell the products or to use them in the operation of their own business. There are many different types of industrial markets:

- **Producers** are individuals or business organizations that make purchases to be used in producing their own products. Buyers of raw materials, purchasers of semifinished and finished items used to produce other products, and service businesses are part of the producer market.
- **Resellers** are middlepersons, such as wholesalers and retailers, who buy finished goods and resell them for the purpose of making a profit. Resellers are involved in providing marketing activities.
- **Government** includes federal, state, county, and local governments that make up governmental markets. They spend billions of dollars annually for a variety of goods and services to support their operations and to provide taxpayers with products and services, such as highways, education, health protection, water, waste disposal, energy, and fire and police protection.

MAJOR TYPES OF MARKETS

- Consumer market
- Industrial market
- Nonbusiness organization market

The *nonbusiness organization* consists of institutions and groups with nonprofit service goals. They serve a particular group or provide a social service. Such markets include churches, civic and professional groups, charitable organizations, and so forth.

WHAT IS THE MARKET SHARE?

Market share is your product's sales as a percent of the total market or category's sales. Market share can relate to total company dollar sales as a percent of total market or category dollar sales, total unit sales as a percent of total market or category unit sales, or total product sales as a percent of total market product or category sales. It is a measure that quickly tells you how well your company or product is performing from a sales standpoint relative to the competition.

The sales analysis should provide market share information. What percent of the market does your company have? Is it growing, shrinking, or stable? Market share information is used to help you develop a point of reference from which you can evaluate and plan your future marketing efforts. To increase your share, evaluation of consumer buying motives and a workable marketing plan are necessary.

WHAT ARE CONSUMER BUYING MOTIVES?

Consumers buy to satisfy their own or their family's wants and needs. When they buy any product or service, they do so because of what they expect the product or service to do for them.

There are two reasons that motivate people to buy: (1) *emotional* reasons and (2) *rational* needs.

Emotional buying motives include the following:

- Pride of personal appearance
- Social achievement
- Ambition
- Cleanliness
- Pleasure
- Increased leisure time

Rational buying motives include:

- Durability
- Economy in use
- Economy in purchase
- Handiness
- Efficiency in operation
- Dependability in use

WHAT DOES RESEARCH REVEAL ABOUT CONSUMER BUYING BEHAVIOR?

Psychologists have found in their research that consumer buying behavior is first directed toward satisfying certain basic needs.

These very basic needs include food, drink, and sleep. An individual attempting to fulfill the most basic needs is usually influenced more directly by rational motives. Persons with few resources need the most for their money in terms of quantity, quality, and dependability.

Most people live above a basic survival level, and they make many purchases to fulfill needs other than just the basic ones. Therefore, their purchasing is often done to satisfy both rational and emotional buying motives. This fact makes the job of selling to consumers more difficult.

Many consumers won't admit they purchase goods and services to satisfy emotional needs. Most psychologists believe that distinctiveness and pride in personal appearance are emotional buying motives, but customers may think of them in other ways. They may look for quality or value as well. In this sense, it might be said that all consumer buying motives are logical. However, certain motives generally seem to be more rational than others. Because people think of themselves as rational individuals, they tend to express their reasons for buying in very logical ways.

HOW ARE INDUSTRIAL CONSUMERS AFFECTED BY BUYING MOTIVES?

Industrial users tend to be more rational in their buying than consumers who buy for personal uses. Industrial users usually buy to fulfill the needs of their businesses. However, entrepreneurs who sell primarily to the industrial market need to be aware that these rational organizations are made up of individuals who are often emotional. So even industrial purchases can be made on a somewhat emotional basis.

To market a product or service successfully, you need to be aware of what motivates the primary consumer to buy each product or service. Motivational research can help you understand buying motives and develop more successful marketing mixes.

HOW ARE CONSUMER MARKETS CHANGING?

All markets, including the industrial and nonbusiness markets, have undergone some basic changes. The consumer market is continuously changing. Many factors have contributed to consumer changes, including the following:

- Population changes, such as shifts in age distribution and greater mobility
- Size and distribution of income, including increases in total purchasing power and the amount spent for "luxuries"
- Changes in lifestyle and attitudes
- A greater percentage of women in the work force
- More leisure time
- More purchases on credit
- Increase in the number of white collar and skilled workers

- Higher overall educational level

You should watch for changes carefully. In order to respond to them, you may need to modify or refine some of your marketing policies and procedures. Attempting to predict and keep up with changes in the marketplace are important and difficult tasks. Market information must be collected and analyzed continually.

HOW CAN A MARKETING PLAN BE DEVELOPED?

Because there are so many marketing activities to be completed, they must be planned and coordinated with each other. Making a marketing analysis for your product or service is necessary for a marketing plan to be developed. A *marketing plan* is the business tool that helps you to plan and coordinate your marketing activities. In the marketing plan, you decide what important marketing activities should be done during a specific period of time (usually six to eighteen months). You then put these activities down in writing. You also decide what standards of performance to set for each activity, so you can evaluate them later. Within the plan, you must decide what people will be responsible for each activity. You will also decide on time lines, so each activity will be accomplished at the right time.

It is easy to see why very big firms need written marketing plans. When hundreds of people are involved in marketing, a plan is needed to tell them what must be done and when. Marketing plans can help small businesses, too. It is difficult to be sure that everything in a business is done at the right time unless there is a written plan to follow. Without a plan, the way your company markets its products may change and no one will realize it. Also, it will be hard for you to tell what your business does well and where its weaknesses are without specific plans. The following section will assist you in analysis and strategy of the marketing plan.

Market Analysis—Identify and Evaluate

- What are the industry characteristics and trends?
- Who are your target market customers?
- What is the current and potential size of your market?
- Who are your competitors?
- What are your projected sales and market shares?
- How will you continually evaluate the market?

Marketing Strategy—Plan Actions

- How will you advertise and promote your product?
- What is your pricing strategy?
- What is your sales strategy?
- How will you distribute your product or service?

- What product support will you offer (warranty, product service, customer training)?

WHAT ARE THE CONSIDERATIONS FOR DEVELOPING THE PLAN FOR MARKETING MIX?

Each of the marketing mix elements has been reviewed. They must be developed and coordinated as a part of marketing planning. Before getting too specific in planning a marketing mix, however, you should answer a series of questions and analyze the responses. These questions are designed to identify the target market, but they also provide valuable information for developing the mix.

- Who are the people that are most likely to buy from my business?
- What are their primary needs or uses for the product?
- Are some needs more important than others?
- What other products or brands might they consider to satisfy their needs?
- What do customers identify as the advantages and disadvantages of each of my competitors' products or brands?
- Are some customers more dissatisfied than others with competitors' products?
- Who will be my best customers?
- How can they be identified?
- Where are they located?
- How do they typically shop for this type of product?'

WHAT DECISIONS NEED TO BE MADE REGARDING THE MARKETING MIX?

When you have identified your potential customers and your competitors' strengths and weaknesses, you will better understand what is needed to be successful in the market. Analysis is very important as you begin to develop your best marketing mix.

You will need to make several decisions as you plan each element of your marketing mix. Every business will not be able to make each of these decisions. A manufacturer has more control over product features and packaging than a retailer has. A wholesaler will usually not get involved in direct promotion to consumers. However, the important decisions for each marketing mix element are these:

- **Product**

  What is the physical product?

  What additional features/accessories are needed?

  What are the functions or uses of the product?

  Do services need to be provided

Does the customer expect guarantees or warranties?

How should the product be packaged for shipment?

How should it be packaged for the consumer?

What image should the product project?

What brand name should be used?

- **Price**

What price is needed in order to make a profit?

What price will customers be willing to pay?

What price should be charged to channel members?

Who determines the price customers will pay?

Should discounts and allowances be provided?

- **Place**

Who should be involved in product distribution?

What marketing functions should be performed by each channel member?

What transportation methods will be used?

Where will the products be made available to customers?

How will products be handled, stored, displayed, and controlled?

How will orders be processed?

What services do customers expect?

Who will be responsible for products that are damaged or not sold?

- **Promotion**

What information do customers need?

Should promotions be informational, persuasive, or be reminder messages?

Do all customers need the same information?

What combination of advertising, personal selling, sales promotion, and publicity is needed?

Will mass or individual promotion be most effective?

What media should be used?

How often must information be communicated to customers?

Of course the costs involved in making each decision are important to the business. The costs of developing a marketing mix must be balanced with the effectiveness of the mix in satisfying the needs of the target market.

These decisions can be used as an effective checklist to test marketing decisions. You should review each mix element regularly to ensure the best decisions have been made.

The final step of marketing planning is the development of an actual, written *marketing plan*. A marketing plan is a document that identifies marketing activities and responsibilities for a specific time period. The time period is often one year, but could be a bit shorter or longer depending on the needs of the company. Marketing plans may be brief or quite lengthy, but they should contain enough information to direct the company's marketing efforts. The plan is not written in

enough detail if people are not sure of the marketing activities that must be accomplished, or if they are unable to judge the success of marketing activities.

Even a small business should develop a written marketing plan. It forces an owner to think carefully about the planning period and what needs to be done during that time. It also shows relationships among all of the firm's activities. A marketing plan is flexible and always open to change.

Finally, if a written plan is not available, it is easy to ignore some activities, lose track of the direction of the business, or to change marketing plans whenever a short-term problem occurs. The major parts of a marketing plan are:

- **Market Description**. The target market(s) to be served should be described in detail.

- **Marketing Objectives**. The goals of the firm for a particular period of time should be written. They should be written specifically so they can be evaluated later to determine if the business has been successful. Goals may relate to sales, profits, market share, customers, products, and many other factors.

- **Competition**. Competitors, their products, customer groups, strengths, and weaknesses should be described.

- **Environment**. Any factors in the marketplace that could affect the company's success should be described. The economy, state and federal laws and regulations, new products, population changes, and others should be described if they might influence the business.

- **Marketing Mix**. Each element of the marketing mix should be described. Then marketing activities related to each mix element can be described, time tables developed, and responsibilities assigned. This section can be quite brief or very detailed, depending on the size of the business, number of employees, and amount of marketing activities performed.

- **Budget**. An anticipated budget should be developed to show how funds are to be spent for major marketing activities.

It is apparent that it will take time to complete the analysis and planning activities described above. It will be tempting for a business person to omit much of the planning or to spend little time at it. Time spent in planning marketing activities should result in less time required to accomplish those activities. It also should result in better and more profitable operations. Finally, it will provide useful information for the business person to use in checking the performance of the business. Problems can be identified and corrected more easily if a good marketing plan is available.

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

Identify two businesses in your community which need to have market research done. They may be two businesses that are just beginning operation or about to go bankrupt. Study your limited research and devise a plan the companies could use for a week. It might include better advertising or a survey to target new customers.

B.

Devise a plan using the marketing mix to take a product from the first idea to the shelves of the local grocery store. Can your product skip one of the four mix steps and be successful? If yes, explain why.

C.

Select a high-priced product (furniture, automobile tires, stereo equipment). Go to several stores and write down the price each store charges for the product. Prepare a written report that analyzes the reasons for differences in prices for the same product in the same community.

GROUP ACTIVITIES

A.

Working in teams of four to six study several newspapers and business journals for a 1-week period. Identify all information from those sources that could help a business person define characteristics of target markets. From your school or city library, prepare a list of government publications that could provide useful information about consumers. At the conclusion of the information gathering, reassemble your team to discuss your findings.

B.

Working in teams of 4 to 6 prepare a list of 15 products each of you has purchased. On your own, list the primary emotional and rational reason you used to purchase each product. Again, as a team, prepare a total list of all buying motives. Discuss the results.

C.

Working in teams of four to six identify a product that you would like to market. Consider steps for analyzing the product's potential. Then develop a detailed marketing plan for the product, using the outline presented in this unit. When completed, ask a business person to review the marketing plan and discuss it with your team.

CASE STUDY

A little over a year ago Diana Swan and Debbie Stump pooled their resources and opened a small store to sell second-hand goods. After a year in business, the store still was operating at a net loss. Given their limited financial resources, Diana and Debbie were wondering what kind of promotional program they should adopt in order to increase the store's exposure and to generate more customer traffic.

The two women decided on the name, *For Women Only*, hoping that it would attract customer attention. The store was located on a busy street on the north side of Winston-Salem, North Carolina. The location was considered to be a good one for this type of store.

Although the store's primary product line was clothing, the store also carried furniture, shoes, pictures, and some housewares. In fact, *For Women Only* would carry any product that a person brought in to be sold, so long as it was in good condition. In addition, the store owners also purchased some articles at rummage sales and garage sales.

The main competition of *For Women Only* came from two well-established second-hand stores within a 12-mile radius. One of these stores, which had been in business for 30 years, strived to project a more sophisticated image and thus charged higher prices than *For Women Only*. The other competitor was located near the store and had a similar product mix.

In analyzing the store's target market, the women determined that the bulk of this market lived within a 2-mile radius of the store. Also, the customers were in the 20- to 40-year age bracket and the middle income bracket, and 100 percent were female. About 70 percent of the customers were Anglo-American and 30 percent African-American.

The initial promotional effort for the store consisted of two half-page ads in the local newspaper the first week the store opened. No other ads have been purchased since the opening week. Also, business cards could be purchased if profits rise and Diana and Debbie see a need for them.

DISCUSSION QUESTIONS

1. What promotional program should be adopted by *For Women Only*?

2. How can the store better target its chosen audience?

3. Should the promotional methods used for this store be the same as for any other store in this area? What changes need to be made?

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ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Explain the market-oriented approach to planning.
2. Why is market research necessary in making business plans?
3. Identify and describe the four components of the marketing mix.
4. List factors that must be considered when selecting target markets.
5. Identify the five steps in analyzing market information and describe the activities to be completed in each step.
6. Identify considerations for developing the plan for the marketing mix.
7. Explain the concept of market share.
8. Outline the components of a marketing plan.

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PACE

Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7. Types of Ownership
⇨ Unit 8. Marketing Analysis
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Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business